

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 — 0 3

2. STATE:

MICHIGAN

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

10-01-00

1-1-01 - per state
Request 5/3/01

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.252(b)

7. FEDERAL BUDGET IMPACT:

a. FFY 2001

\$

-6.3 million

b. FFY 2002

\$

-0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D
Section IV, pages 15 and 299. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):Attachment 4.19-D
Section IV, pages 15 and 29

10. SUBJECT OF AMENDMENT:

LTC wage pass-thru and inflationary adjusters for Class I and III providers

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

James K. Haveman, Jr.

14. TITLE:

Director

15. DATE SUBMITTED:

3/22/01

16. RETURN TO:

Michigan Department of Community Health
Office of Federal Liaison
6th Floor Lewis Cass Building
320 South Walnut Street
Lansing, Michigan 48913

Attention: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

03/23/01

18. DATE APPROVED:

May 14, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

1-1-01

20. SIGNATURE OF REGIONAL OFFICIAL:

Minnie Hood-Driffin, Acting RRA

21. TYPED NAME:

Cheryl A. Harris

22. TITLE: Associate Regional Administrator

Division of Medicaid and Children's Health

23. REMARKS:

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MAR 28 2001

DMCH

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of Michigan

POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(LONG-TERM-CARE FACILITIES)

- 1/01/01
- c. The allowability of costs shall be determined in accordance with Medicare Principles of Reimbursement as modified in Section III above.
3. The rate determination methods using base and support costs to obtain the variable cost component are described below:
- a. A provider's base cost component is determined as per patient day base costs taken from the provider's fiscal year two years prior to the prospective year times an inflationary adjustor to update costs from the base year to the prospective year. The base cost component will be rebased (recalculated) annually to reflect the more current costs of both the resource needs of patients and the business expenses associated with nursing care. The annual inflationary adjustor will be established by the state legislature for Class I for Class III facilities.
- 1) For the state fiscal year ended September 30, 2001, the historical inflation adjustor will be four percent (4%) for general inflation, plus a continuation wage pass-through program of up to \$.75 per hour for all nursing facility employees with the exception of employees constrained by the Owner/Administrator Compensation limits described in Section III.
- The prospective inflationary adjustor will be five and four-tenths percent (5.4%) general inflationary adjustor. Contained within this prospective adjustor, a wage pass-through program may be requested of up to \$.50 per hour for all nursing facility employees with the exception of employees constrained by the Owner/Administrator Compensation limits described in Section III.
- 2) The inflationary adjustors used will reflect four percent (4%) for the historical year and five and four-tenths percent (5.4%) for the forecast year.

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MAY 03 2001

DMCH - MI/MN/WI

TN No. 01-03
Supersedes
TN No. 99-14

Approval Date: MAY 14 2001

Effective Date: 1/01/01

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State of Michigan

POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES
(LONG-TERM-CARE FACILITIES)

K. Inflationary Adjustment Through Wage Pass-Through For Class I and Class III Facilities

1/01/01

For rate years beginning during the state fiscal year ending September 30, 2001, a wage pass-through program will be available to all Class I and Class III nursing facilities. The wage pass-through program, if selected, must be absorbed within the prospective inflationary allowance. The wage pass-through program directs an inflationary adjustment to wages of nursing facility employees. The computation of the Variable Cost Limit uses a four percent (4%) historical inflation adjustor and five and four-tenths percent (5.4%) for the prospective inflationary adjustor. The pass-through is settled within of the 80th percentile Variable Cost Limit.

The wage pass-through program provides up to \$.50 per hour for any Class I or III nursing facility employees at facilities with post-probationary competency evaluated nurse aides having a base salary of at least \$8.50 per hour. For the purpose of this program, probation may not be greater than 120 days. This program cannot be used to pay for previously negotiated wage increases. Employees subject to the Owner/Administrator Compensation Limits are eligible only if the facility is below the limit. Facilities submit estimates of cost to the Department on prescribed forms. Information from these forms is used to compute the portion of the general inflationary allowance that is considered to be wage pass-through.

MAY 14 2001

TN No. 01-03
Supersedes
TN No. 99-14

Approval Date: _____

Effective Date: 1/01/01